

CONNECTICUT COUNCIL on
**PROBLEM
GAMBLING**

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Public Testimony: Raised Bill # 5343 "AN ACT AUTHORIZING KENO"

Committee on Public Safety and Security

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Why Keno is Not the Answer

1. **Legalizing keno would be a significant expansion of gambling, as it would introduce CT to electronic gambling, one of the most highly addictive forms of gambling.**

Statistics from the Problem Gambling Helpline in CT and a number of studies in the U.S. and other countries have shown that electronic forms of gambling have a high degree of association with problem gambling. This was demonstrated in two studies in N.Y.S. which focused on keno and other forms of electronic gambling. Thus far in CT, electronic gambling has been available only at the two tribal casinos. If electronic keno becomes available in communities across CT, problem and underage gambling will increase as has happened elsewhere in the United States and other countries, often followed by a strong backlash from the community. The most recent example is the experience with keno in Nova Scotia, Canada, from March to September, 2009. The government in Nova Scotia implemented electronic keno despite strong objections by concerned citizens. After only nine months, the government withdrew all of the keno machines (at significant expense) due to lagging keno revenue and fear of increasing problem gambling.

2. **Legalizing keno would increase the risk of gambling and problem gambling among minors.**

It should be clear to a government with the responsibility of protecting minors from gambling that it is detrimental to children when they are exposed to keno gambling at the dining table in a restaurant, especially with repeated exposure. Not only would minors closely watch their parents gamble, but in many cases parents would invite their children to participate, as has been observed in other states in which keno is widespread in restaurants. Many parents would allow their children to gamble with them at keno at such times since they would assume that if the state believed it was harmful for children to have such intimate exposure to gambling, it would not have created this gambling opportunity at family occasions. CT law contributes to parental laxity in this regard as it permits parents to gift lottery tickets to minors and also permits children to gamble for money side-by-side with parents during church bingo and at other charitable gambling events.

3. **Legalizing keno would increase exposure and temptation to gamble for problem gamblers who are trying to stop and for recovering gamblers who have already stopped.**

Attempting to avoid keno in public places will add to the current difficulty of avoiding proximity to the sale of lottery tickets in many business locations. With keno, people will gamble at nearby tables in restaurants or will crowd aisles in convenience and other stores while waiting for keno results, often buying scratch tickets between each keno drawing.

4. **Legalizing keno will increase exposure to the pairing of gambling and alcohol in businesses where keno is played and alcohol is consumed.**

The proposed keno bill would expand the number of places where a lottery product would be available in establishments that serve alcohol. As is known from the casino experience, drinking alcohol while gambling can be a potent mix, contributing to the deterioration of cognitive functioning and control for both gambling and drinking.

5. **When there is a fiscal need, the government has had a knee jerk response to address the problem through generating new gambling revenue.**

a) The government focuses on gambling's social benefits but ignores social costs.

Given the widespread assumption in government that the social benefits of legalized gambling are high and the social costs are low, no government sponsored study in CT has attempted to measure the extent of social costs vs. social benefits. Since many in government perceive gambling revenue as "free lunch", there is little doubt that if the compact did not exist, there would be intense pressure within government to legalize most forms of casino gambling. Evidence for this is in the current effort in CT and elsewhere to make the traditional casino game of keno a lottery game. Some other state lotteries have renamed casino slot machines (combined with other electronic casino games) and operate them as Video Lottery Terminals (VLTs).

b) The government appears not to understand that the free flowing gambling revenue pipeline is tapped out.

Few government officials in CT imagined 15 years ago that gambling revenue would become the third largest source of state revenue as it is now. The current unsustainable state deficit is clear evidence that gambling revenue is not a solution to deep or long term deficits as every dollar of gambling revenue is accompanied by a social cost. The "easy" solution of increasing gambling revenue to balance the budget and to deal with budget deficits is only short term, as the accumulation of social costs eventually erodes the benefits. Nevertheless, CT and other states still grasp at any possible increase of gambling revenue, however small. This is evident in CT recently joining with other states in Mega Millions and in the imminent return of instant ticket vending machines to CT. In addition, the Governor and some legislators have taken steps to legalize keno (and subsume it under the lottery) as an important part of their misguided strategy to use gambling revenue to solve the major fiscal shortfall.

6. **The state is not prepared to meet the increased demand for problem gambling services if keno were to be legalized.**

- a) **Lack of awareness of the intrinsic relationship between increases of gambling revenue and increases in problem and underage gambling.**

The CCPG is not aware of even one formal or informal proposal from state government to increase funding for problem and underage gambling services. The current proposed keno Bill 5343 does not include an increase in such funding. Unfortunately, the state views increasing gambling revenue only as a way to meet budget deficits in non-gambling areas. To the contrary, the very first action that should be taken is the use of a portion of the new gambling revenue to minimize the anticipated increased negative impact due to increasing gambling. Sufficient funding for problem gambling services is especially critical in that it is clear from the problem gambling literature that losses by problem gamblers are very much disproportionately higher than non-problem gamblers, i.e., a large percent of gambling revenue is derived from problem gamblers.

Government falls short in its responsibility to some of its most vulnerable citizens when it promotes gambling and encourages people to gamble and does not adequately research the potential negative social consequences of new gambling and does not plan an evaluation of the effects of the new gambling before it is implemented. At the very least, government is obligated to bolster prevention and treatment programs to meet the challenges of increased problem and underage gambling. The CCPG is not aware of even one government proposal to address problem gambling which is derived from the findings of the recent Division of Special Revenue sponsored evaluation of the effects of legalized gambling on the citizens of CT.

- b) **Funding for problem and underage gambling services has been haphazard over the years and now is the time to begin systematic short and long term fiscal planning for these vital services.**

Whether or not keno is legalized, existing funding for problem and underage gambling services are insufficient and minuscule compared to both the need and the enormous revenue derived from legalized gambling. While the CCPG is opposed to legalizing keno for the reasons previously stated, responsible legislation to legalize keno should contain a provision to significantly increase funding for the state's Problem Gambling Services. The CCPG recommends that the state raise the level of funding for the state's Problem Gambling Services' program from the current annual sum of \$1.9 million to \$3.5 million.

The state's Problem Gambling Services has no funds budgeted to advertise its services while the CT Lottery Corporation advertises and promotes lottery products utilizing almost five times the amount of money Problem Gambling Services receives from lottery revenue (\$1.9 million) to operate its agency. Further, no funds have ever been provided to Problem Gambling Services from the billions of dollars of casino revenue received by the state. Some of Problem Gambling Service's clients have lost more money gambling in one year than Problem Gambling Services' entire annual budget. Often, such funds were obtained illegally. Therefore, increasing dollars to prevent and treat problem gamblers would be wisely spent.

The CT Council on Problem Gambling is Neither Pro Nor Anti Gambling

